

Message Text

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SUBJ: KENYA MARKET BRIEF - PLASTICS PRODUCTION MACHINERY AND
MATERIALS

REF USDOC 3481

1. INDUSTRY PROFILE. THE VALUE OF KENYA'S PLASTICS PRODUCTION IN 1976 WAS DOLLARS 19.3 MILLION SLIGHTLY OVER ONE PERCENT OF TOAL MANUFACTURING OUTPUT. DURING THE PERIOD 1972-1976, THE QUALITY INDEX OF PLASTICS PRODUCTION INCREASED AN AVERAGE 30 PERCENT ANNUALY TO TO LEAD ALL OTHER MANUFACTURING SECTORS IN GROWTH.

THE INDUSTRY IS VARIOUSLY CHARACTERIZED AS EMERGENT, UNSOPHISTICATED, HIGHLY-COMPETITIVE AND FRAGMENTED. PRODUCTION FIGURES WERE ONLY RECENTLY SHOWN SEPARATELY IN GOVERNMENT STATISTICS. LOCAL PRODUCTION IS COMPRISED MAINLY OF FOOD-PROCESSING CONTAINERS AND PACKAGING, BASIC CONSUMER GOODS, CLOTHING AND ACCESSORIES, SIMPLE BUILDING PRODUCTS AND IRRIGATION PIPE. THE NUMBER OF FIRMS INVOLVED HAS GROWN TO OVER 40, ALTHOUGH PRODUCTION IS TYPICALLY A PERIPHERAL OR MARGINAL OPERATION, UTILIZING A MINIMUM OF CAPITAL INVESTMENT AND TECHNICAL KNOWHOW. PARTIALLY DUE TO THE COMPETITIVENESS, THERE IS AS YET NO INDUSTRY ASSOCIATION.

UNCLASSIFIED

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PAGE 02 NAIROB 05890 150240Z

CONTINUED SUBSTITUTION FOR METAL PRODUCTS, ADDITION OF NEW PRODUCT LINES SUCH AS COMPONENTS FOR THE RECENTLY-ESTABLISHED VEHICLE ASSEMBLY INDUSTRY, AND INCREASED MANUFACTURE FOR EXPORT, SHOULD INSURE ACCLERATED PRODUCTION GROWTH AND AN INCREASING SHARE OF TOTAL MANUFACTURING OUTPUT THROUGH 1980.

2. TRENDS IN TRADE. KENYA IS RELIANT ON IMPORTS FOR SUPPLY OF

PLASTICS RAW MATERIALS AND PRODUCTION EQUIPMENT. THERE IS LITTLE CHANCE OF SIGNIFICANT DOMESTIC PRODUCTION IN EITHER CATEGORY PRIOR TO 1980. IMPORTS OF FINISHED PRODUCTS ARE SUBSTANTIAL, BUT MAY BE AFFECTED BY INCREASED PRODUCTION OR IMPORT PROTECTION MEASURES. EXPORTS OF FINISHED PRODUCTS ARE LIKELY TO EXPAND DRAMATICALLY. THE RE-EXPORT TRADE WILL CONTINUE TO BE IMPORTANT DUE TO REGIONAL MARKETING AND DISTRIBUTION ACTIVITY FROM NAIROBI AND MOMBASA'S PROMINENCE AS A PORT-OF ACCESS.

3. MARKETING PROSPECTS AND STRATEGIES. ALTHOUGH THE U.S. PRESENCE IN THE INDUSTRY IS SMALL, THOSE INTERVIEWED EXPRESSED A STRONG INTEREST IN U.S. PRODUCTION TECHNOLOGY AND WERE UNIFORMLY ENTHUSIASTIC ABOUT THE UPCOMING TRADE MISSION. THE BULK OF LOCAL PRODUCTION RELIES ON BORROWED TECHNOLOGY, OFTEN IN THE FORM OF A LICENSING AGREEMENT. INCREASED LICENSING OF U.S. PRODUCTS AND TECHNOLOGY IS PROBABLY THE MOST DIRECT METHOD OF INCREASING SALES, SINCE LICENSORS TYPICALLY SUPPLY OR ADVISE REGARDING EQUIPMENT REQUIREMENTS.

SOME FIRMS APPEAR TO HAVE THE EXPERTISE, CAPITAL AND DESIRE TO EXPAND, WHICH COULD LEAD TO DIRECT SALES. MORE TYPICAL, IS A SALES POTENTIAL CONTINGENT ON TRAINING, TECHNICAL ASSISTANCE, OR GREATER FORM OF INVOLVEMENT, SUCH AS LICENSING OR A JOINT VENTURE.

END-USERS ARE THE PRIMARY TARGET AUDIENCE. AGENT/DISTRIBUTOR CANDIDATES ALSO MERIT ATTENTION. THERE ARE NO SPECIFIC UNCLASSIFIED

UNCLASSIFIED

PAGE 03 NAIROB 05890 150240Z

GOVERNMENT PROGRAMS TO BENEFIT THE PLASTICS INDUSTRY.

4. STATISTICAL SUMMARY.

RAW MATERIALS IMPORTS(SITC GROUP 581):

	VALUE (MILLION DLRS)	U.S. SHARE	RE-EXPORTS
	(AS PERCENT OF TOTAL)		
1975	10.1	10	9
1976	18.4	3	10
1980	26.9	11	--

PLASTICS PRODUCTION MACHINERY IMPORTS (SITC CATEGORIES 695240, 717159, 719520 AND 719805):

1975	7.1	6	LESS THAN 1
1976	17.7	3	LESS THAN 1

PLEASTIC PRODUCTS IMPORTS (SITC GROUP 893):

1975	4.0	4
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1976 6.1 2

EXPORTS OF PLASTICS PRODUCTS (SITC TROUP 893):

1975 1.4
1976 1.1

NOTES. 1980 PROJECTIONS ASSUME TEN PERCENT ANNUAL GROWTH. VALUES CONVERTED AT CURRENT RATE (7.8 SHILLINGS/1 U.S. DOLLAR). IMPORTS OF PRODUCTION MACHINERY CANNOT BE DETERMINED FROM AVAILABLE STATISTICAL MATERIAL. CATEGORIES GIVEN ARE GENERAL AND UNSUITABLE FOR DETERMINING VOLUME OR TREND. PROVISIONAL 1977 FIGURES SHOW THAT PLASTIC PRODUCT EXPORTS MAY EXCEED EIGHT MILLION DOLLARS.

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 NAIROB 05890 150240Z

5. A LIST OF 43 END-USERS GIVING ADDRESSES, PRODUCT OFFERINGS AND INTERESTS, ALONG WITH A FEW PRESS ARTICLES, IS BEING SUBMITTED SEPARATELY AS NAIROBI A-28.

6. REQUEST USDOC CLARIFY WHETHER SUBJECT EVENT WILL BE SEMINAR MISSION.
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